

Economy

Overview

Though a small economy, Macao pursues an open economic policy. It boasts one of the lowest tax regimes in the Asia Pacific region and sound financial stability. As a free port and a separate tariff zone, which has no foreign exchange controls, Macao is an active player in the regional economy and a vital link between the mainland Chinese and global markets.

Since the founding of the Macao Special Administrative Region, the economy has maintained rapid growth thanks to the development of the tourism and leisure industry. In 2023, the Macao SAR Government diligently seized the opportunities for a post-pandemic revival, and rolled out a series of measures to boost the economy and expand visitor sources. There was a significant surge in numbers of inbound visitors, and all major economic indicators showed stable growth. During the year, the local gross domestic product (GDP) grew by 80.5 percent in real terms, reaching over 80 percent of local GDP in 2019. Macao's per capita GDP totalled 559,000 patacas, representing 80.5 percent year-on-year growth. Rejuvenation and vigour were evident in society.

According to figures provided by the Macao Monetary Authority, Macao's fiscal reserves stood at 580.47 billion patacas as of the end of 2023. Its basic reserves and excess reserves in the period stood at 152.06 billion patacas and 428.41 billion patacas, respectively, while its foreign reserves stood at 223.6 billion patacas.

As of August 2024, Macao's foreign reserves stood at 228.9 billion patacas, according to preliminary figures.

In 2023, the MSAR Government remained committed to boosting economic recovery, including through implementing multiple measures to promote the recovery of the integrated tourism and leisure industry and expand both domestic and foreign visitor sources. Several temporary subsidies and tax incentives that had been introduced in 2022 were continued. Also, the Government continued expanding investment in public construction works, and launched public infrastructure and public housing projects of various sizes.

The recovery of the integrated tourism and leisure industry focused on enriching community tourism and revitalising the community economy. The Strolling through Almeida Ribeiro – Pedestrian Area Pilot Project was launched and, in collaboration with the non-gaming projects guaranteed by the gaming concessionaires, the Government planned to revitalise six historical and cultural areas, and implemented a pilot revitalisation plan for the Rua da Felicidade pedestrian zone, to attract business operators and improve the area's business environment. The Government also interlinked various major events in the city, to divert visitor flows and enhance the vibrancy of the local cultural and tourism economy. The Government continued strengthening the brand image of “Arraial na Ervanarios”; organised festivals and events to enhance Macao's tourism appeal; and fully utilised various unique local resources – such as culture, history, branded events, gastronomy and waterfront areas – to organise distinctive community activities that boost consumption by locals and tourists.

Gaming

The history of Macao's gaming industry can be dated to the mid-19th century. At the turn of the 20th century, the gaming industry and the tourism industry have become one of the mainstays of Macao's economy.

In 2002 the MSAR Government liberalised the gaming market, introducing new investors and operational models to the local market. This has injected new momentum and diversity to the development of the gaming industry and given rise to numerous job opportunities.

On 23 June 2022, the Gaming Industry Regulatory Framework Law and its related regulations came into force. In July of the same year, the SAR Government began a new round of bidding for casino gaming concessions. On 1 January 2023, the new concession agreements for operating games of luck in casinos officially came into effect, marking a new milestone in the development of Macao's gaming industry. Thanks to the rebound in visitor arrivals and steady economic recovery, Macao's annual gross gaming revenues in 2023 surged by 328.8 percent year-on-year, standing at about 183.7 billion patacas. The gross revenue from games of luck was approximately 183.059 billion patacas.

At present six gaming companies have been granted concessions to independently operate casino gaming in Macao. Each gaming operator has been striving to press ahead with building different facilities in a bid to transform Macao into a world hub of tourism and leisure.

As of the end of 2023, there were 30 casinos in Macao, employing a total of 51,771 full-time gaming workers, a year-on-year decrease of 403 workers, with an average monthly salary of 25,290 patacas, up by 6.8 percent compared with the same period of 2022.

In the first eight months of 2024, gross gaming revenues were 152.102 billion patacas, a year-on year increase of 33.4 percent.

Regional Cooperation and the China-Lusophone Platform

Leveraging on its unique advantages, Macao has sought to forge stronger economic links with the mainland. The implementation of the Mainland and Macao Closer Economic Partnership Arrangement (CEPA) in 2004 and the framework agreement on Pan-Pearl River Delta cooperation marked a new milestone for the economic relations between mainland and Macao. In 2017, the framework agreement on the development of the Guangdong-Hong Kong-Macao Greater Bay Area was signed by the governments of the three places. In 2018, the central government set up the steering group for the development of the Greater Bay Area, marking a new milestone for the area's development. In 2019, the Outline Plan for the Development of the Guangdong-Hong Kong-Macao Greater Bay Area was announced, laying down the strategic positioning, development goals of the various regions of the Greater Bay Area.

In September 2021, the Central Government promulgated the Master Plan for the Development of the Guangdong-Macao Intensive Cooperation Zone in Hengqin, which was an important strategy for promoting Macao's economic diversification and the implementation of "One country, two systems" as well as a fresh impetus for Macao's long-term development. The Master Plan for the Development of the Guangdong-Macao Intensive Cooperation Zone in Hengqin has clearly outlined one theme, four strategic goals and four major tasks, thereby marking a new milestone in the development of Hengqin against the backdrop of mutual discussion, joint

construction, joint administration and shared benefits in Guangdong-Macao cooperation.

In February 2023, the Regulations on Promoting the Development of the Guangdong-Macao Intensive Cooperation Zone in Hengqin as well as the Opinions on Using the Financial Industry to Support the Development of the Guangdong-Macao Intensive Cooperation Zone were promulgated, providing the Cooperation Zone with legal support and institutional safeguard as well as spurring the development of the financial sector in the Cooperation Zone. In April, the Interim Measures for the List-Based Administration of High-End and Urgently-Needed Talents Eligible for Preferential Individual Income Tax Policies in the Guangdong-Macao Intensive Cooperation Zone in Hengqin were announced. This marks the full implementation of preferential policies for business income tax and personal income tax, i.e. the "Double 15 percent" tax incentive policy in Hengqin.

On 10 December 2023, the State Council approved the Overall Plan for Development of the Guangdong-Macao Intensive Cooperation Zone in Hengqin (2022-2035). On 22 December, the Overall Plan for Development of the Guangdong-Macao Intensive Cooperation Zone in Hengqin ("the Overall Hengqin Plan") was published, setting out the blueprint and guiding principles for the development of the Cooperation Zone for the next 10 years to 15 years.

Boosted by the impetus of a series of significant policies, the development of the Guangdong-Macao Intensive Cooperation Zone in Hengqin has gained further momentum. In 2023, the regional gross domestic product (GDP) of the Cooperation Zone reached 47.253 billion patacas, reflecting 2.3 percent year-on-year growth. By the end of December 2023, there were 55,544 business entities in the cooperation zone, representing a 1.6 percent increase compared to the previous year. Among them, there were 5,952 Macao-funded enterprises, representing a year-on-year increase of 11.8 percent, and with 62 enterprises added since the end of November. By the end of 2023, 11,524 Macao citizens were employed and residing in the cooperation zone, 70.4 percent more than the previous year. They included 5,290 employed individuals, reflecting a remarkable 298.6 percent surge since the previous year.

On 28 November 2023, the Macao New Neighbourhood project in Hengqin officially opened its residential units for subscriptions. On 2 January 2024, the Macao New Neighbourhood held a launch ceremony for the one-stop service of online real estate registration procedures and apartment handovers, becoming the first livelihood project in the Cooperation Zone to instantly issue ownership certificates after the handover of completed homes.

In 2023, the value of products exported under the Mainland and Macao Closer Economic Partnership Arrangement ("CEPA") was 73 million patacas. Tax with a total value of 4.38 million patacas was waived. During the past 20 years, the

cumulative total value of zero-tariff goods entering mainland China in accordance with CEPA provisions was 1.42 billion patacas, with 91.39 million patacas of taxes waived.

The year 2023 marked the 20th anniversary of the establishment of the Forum for Economic and Trade Cooperation between China and Portuguese-speaking Countries. The supporting office organised a series of events to commemorate the 20th anniversary, including a high-level seminar and a retrospective exhibition, to review the history and achievements of the forum.

On 21-23 April 2024, the Sixth Ministerial Meeting of the Forum for Economic and Trade Co-operation between China and Portuguese-speaking Countries was held in Macao. Hosted by the Ministry of Commerce of the People's Republic of China, organised by the Macao SAR Government and co-organised by the Permanent Secretariat of Forum Macao, the Sixth Ministerial Meeting outlined the development vision and direction for cooperation between China and the Portuguese-speaking countries for the coming three years and underlined Macao's role as a platform between China and Portuguese-speaking countries. The Strategic Plan for Economic and Trade Cooperation (2024-2027) was signed during the meeting.

Trade between China and Portuguese-speaking countries continued to rise. Figures show that the trade volume between China and Portuguese-speaking countries rose from 11 billion US dollars from 2003 to 220 billion US dollars in 2023.

Convention and Exhibition Industry

In 2023, the international reputation and competitiveness of Macao's exhibition industry continued increasing, as hosting several significant large-scale international exhibitions elevated Macao's status as an international exhibition and convention city – resulting in Macao being selected as the Best Convention City (Asia). The effectiveness of trade promotion through organising conventions and exhibitions has been rising. Moreover, in 2023 the “MICE² Macao x Hengqin” brand logo was jointly launched by economic and trade departments of Macao and Hengqin. A total of 14 MICE (Meetings, Incentives, Conventions and Exhibitions) events in Macao were held in “multiple venue” format. This new format helps to foster the synergies between Macao and Hengqin, expand the scope for development of the industry, and promote cooperation among multiple industries in the region.

In 2023, a total of 1,139 events were held in Macao; the figure represented an increase of 1.4 folds compared with the previous year. The total number of participants stood at 1.602 million, an increase of 12.7 percent compared with the previous year. These two indicators were at 74.2 percent and 79.6 percent,

respectively, of the levels in 2019. Driven by conventions and exhibitions, revenue from non-gaming industries amounted to about 6.2 billion patacas, around three times the level in 2022, reaching a revenue scale similar to that in 2019. During the year, the number of meetings held in Macao stood at 1,058 (an increase of 1.6 times), while the number of participants stood at 170,000 (an increase of 2.9 times). The number of exhibitions remained unchanged at 64, with a total of 1.422 million visitors (a rise of 3.3 percent). The number of incentive events increased from six to 17 while the number of participants increased by four folds to 11,000.

Macao was once again selected as the Best Convention City (Asia) in 2024 thanks to its ever-improving meeting and exhibition facilities. In the first half of the year, a total of 702 meetings and exhibitions were held, an increase of 180 events compared with the same period of the previous year. The figure was 95.6 percent of the number of events held in the same period of 2019.

Traditional Chinese Medicine

The MSAR Government and the Guangdong government signed the Framework Agreement on Cooperation Between Guangdong and Macao on 6 March 2011 in Beijing in a bid to expand the scope for Macao's development and to follow the national strategy of coordinated regional development. A five-kilometre plot of land in Hengqin, Zhuhai, has been allocated for joint industrial cooperation between Guangdong and Macao. On this allocated plot, a 0.5-kilometre plot of land has been designated for the Traditional Chinese Medicine Science and Technology Industrial Park – a landmark project of Guangdong-Macao cooperation. Meanwhile different projects on tourism, convention and exhibition, cultural industry and education have been rolled out in phases to provide enormous opportunities for Macao's economic diversification.

On 19 April 2011, the Traditional Chinese Medicine Science and Technology Industrial Park was inaugurated. In 2021, the Government promulgated the Law of Pharmaceutical Activities in the Field of Traditional Chinese Medicine and the Registration of Traditional Chinese Medicines in a bid to create better conditions for the development of traditional Chinese medicine.

In 2023, the Government accelerated the transformation of traditional Chinese medicine research results into viable products and services. The research platforms for

traditional Chinese medicine have attracted collaboration from mainland China enterprises, to conduct research in Macao, and transform the research results to practical applications. The Traditional Chinese Medicines registration system has been effectively implemented, to establish a pharmaceutical evaluation and approval system with Macao characteristics. The measure that allows drugs and medical devices registered for use in Macao to be used throughout the Guangdong-Hong Kong-Macao Greater Bay Area has facilitated the use of several drugs that are sold in Macao within the Guangdong-Macao Intensive Cooperation Zone in Hengqin. The Government has optimised consultation services for applications for industrial licences, to establish Macao-branded traditional Chinese medicines. Several pharmaceutical and Big Health food factories have obtained industrial licences. Major Big Health projects in the Traditional Chinese Medicine Science and Technology Industrial Park of Cooperation Between Guangdong and Macao (GMTCM Park) have been implemented, with 212 registered enterprises – including 70 Macao enterprises – as at the end of 2023.

Modern Financial Service

In 2023, the SAR Government amended several financial laws and regulations. The Legal System for Currency Issuance and the Financial System Act, which are the two primary laws of Macao's financial system, have been amended, thereby further improving the financial environment of Macao. More than 15 new or amended regulatory guidelines that are aimed at enhancing the healthy development of the sector have been introduced, covering e-banking, bonds, innovative financial projects, private funds, property mortgage and insurance financing. The development of new finance has been facilitated by the introduction of new financial institutions in Macao which provide financing services that are catered to medium-, small- and micro-enterprises. Meanwhile the development of wealth management services remained steady.

Financial infrastructures have been optimised in line with a highly efficient market. In 2023, several financial infrastructure projects were introduced and continued to improve, including the second phase Faster Payment System (FPS) that has enriched the services of local inter-bank 'Easy Transfer'; the Monetary Bills and Notes Trading System (MTS) that has provided a safer and more convenient platform for the trading of monetary bills; the completion of a data centre for financial infrastructures that has ensured the safe and reliable operations of various financial

infrastructure systems. In addition, the Government actively promoted the application of financial technologies, and continuously optimised electronic payment services.

According to preliminary figures, the total assets of Macao's financial sector stood at 2,600 billion patacas as of the end of the first quarter of 2024, an increase of more than 20 percent compared with the figure in 2019 before the pandemic. The aggregate value of bonds covering a variety of currencies and categories that were issued or listed in Macao stood at 614.7 patacas in equivalence in the same period. The number of financial institutions licensed in Macao stood at 101 in the first half of 2024, and in the same period there were 14 more institutions engaged in new finance than in 2019.

High and New Technology

In 2023, the Government accelerated the fostering of high technology industries. The Government strived to attract technology enterprises to establish their bases in Macao, followed up regarding more than ten technology industry investment projects, supported the practical application of promising projects that have been transformed from research achievements; established an enterprise research and development funding system; launched the Technology Enterprises Certification Programme; and organised visits to Macao and the Greater Bay Area for delegations from innovative technology companies in Portuguese-speaking countries, to attract innovative foreign technology companies to establish their bases in Macao.

The Government strived to strengthen the synergy between Macao and Hengqin as well as the integration of the industry, academia and research. In the first half of 2024, a total of six key research projects in Macao were transformed into practical applications in Hengqin. As of September 2024, a total of 33 local enterprises were awarded technological certification, including five key technology enterprises and 28 promising start-ups. These enterprises covered a wide range of industries, including integrated circuit, information technology, Chinese medicine, and new materials.

Labour and Employment

In 2023 Macao's overall unemployment rate stood at 2.7 percent while the jobless rate among local residents was 3.4 percent; the two figures were down by 1.0 percentage points and 1.4 percentage points respectively.

The median monthly salary of the employed population was 17,500 patacas. The median monthly salary of local workers stood at 20,000 patacas. The two figures represented a year-on-year increase of 2,500 and 1,000 patacas respectively. As at the end of December 2023, the number of foreign employees stood at 176,661, up by 14 percent compared with the figure in 2022.

The unemployment rate in the second quarter of 2024 was 1.7 percent; the jobless rate among local residents was 2.3 percent; both figures were down by 0.4 percentage points compared with the same period of the previous year and were on par with the figures in the second quarter of 2019. The labour participation rate was 67.9 percent; 71.2 percent was male and 65.1 percent was female. The total labour force was 383,000; of which 6,600 was unemployed. The total employed population was 376,400.

For more information:

Statistics and Census Service (<http://www.dsec.gov.mo>)

Commerce and Investment Promotion Institute (<http://www.ipim.gov.mo>)

Monetary Authority of Macao (<http://www.amcm.gov.mo>)

Economic and Technological Development Bureau (<http://www.dsedt.gov.mo>)

Forum for Economic and Trade Cooperation between China and Portuguese-speaking Countries (Macao) (<http://www.forumchinaplp.org.mo>)

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